

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301  
Indianapolis, IN 46204  
(317) 233-0696  
<http://www.in.gov/legislative>

**FISCAL IMPACT STATEMENT**

**LS 7031**

**BILL NUMBER:** HB 1366

**NOTE PREPARED:** Jan 7, 2012

**BILL AMENDED:**

**SUBJECT:** St. Joseph County Innkeeper's Tax Distribution.

**FIRST AUTHOR:** Rep. Fry C

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** *Convention and Exhibition Center Fund-* The bill deletes a requirement that the St. Joseph County innkeeper's tax must be deposited quarterly in the convention and exhibition center fund.

*Revised Tax Distribution Scheme-* The bill requires the county treasurer of St. Joseph County to distribute the innkeeper's tax that has not been pledged before July 1, 2012, for the payment of bonds or leases as follows: (1) The tax paid for the renting or furnishing of rooms, lodgings, or accommodations within a municipality shall be paid to that municipality for deposit in the municipality's general fund. (2) The tax paid for the renting or furnishing of rooms, lodgings, or accommodations in the part of the county that is not within a municipality shall be deposited in the county general fund. The bill provides that, upon appropriation by the municipal or county fiscal body, these tax revenues may be used for any lawful purpose.

*Population Parameter Update-* The bill updates population parameters to reflect the population count determined under the 2010 decennial census.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Revised Tax Distribution Scheme-* Revenue distributed to the county or the municipalities could be used for any legal purpose.

**Explanation of Local Revenues:** *Convention and Exhibition Center Fund-* Revenue from the innkeeper's tax that remains with the county would be able to be used for any lawful purpose and not just for the convention and exhibition center.

*Revised Tax Distribution Scheme-* This provision could increase municipal revenues. The county's innkeeper's tax revenues could decrease. The amount of revenue that the county and the municipalities would receive is indeterminable and would depend on the individual tax receipts from hotels in each of the municipalities in St. Joseph County that have a hotel. Additionally, the amounts distributed to municipalities would depend on the amount of revenue that would still have to be pledged to existing bonds and leases made before July 1, 2012.

Based on 2007 Economic Census data from the U.S. Bureau of Census, the cities of South Bend and Mishawaka generate about 72% of all accommodation receipts in the county. The remainder or about 27% of the revenue is generated outside of those two cities. It is not known how much of the remaining 27% of the receipts is not attributable to other municipalities in the county.

If those percentages were comparable in 2011, and this provision had been in effect, South Bend and Mishawaka would have received approximately \$2.4 M of the county's FY 2011 innkeeper's tax revenues. *The above estimate and the following table do not take into consideration the amount of revenue which would need to be dedicated to any outstanding bonds or leases in effect in the county.* Therefore, the following table should be used for illustrative purposes only.

| Political Subdivision | Estimated Tax Revenue Received in 2011 |
|-----------------------|--|
| South Bend            | \$1,566,730                            |
| Mishawaka             | \$822,905                              |
| Balance of County     | \$903,832                              |
| <b>TOTAL</b>          | <b>\$3,293,467</b>                     |

The "Balance of the County" reflects the remaining amount of revenue not attributable to South Bend or Mishawaka and not the estimated amount the county would have received if the provision were in effect.

**Background Information-** St. Joseph County generated \$3.3 M in innkeepers tax revenue during FY 2011. All revenue currently is distributed into the County's Convention and Exhibition Center Fund.

**State Agencies Affected:**

**Local Agencies Affected:** St. Joseph County, municipalities with a hotel in St. Joseph County.

**Information Sources:** U.S. Bureau of Census, *Indiana Handbook of Taxes, Revenues, and Appropriations FY 2011*.

**Fiscal Analyst:** Chris Baker, 317-232-9851.